

Montana Wheat and Barley Committee Fall Board Meeting
W.H.E.A.T. Building Conference Room, Great Falls
December 4, 2007

(Note: Please read entire set of minutes as various topics are referenced in more than one place.)

The following were present for either a portion of or the entire meeting.

DIRECTORS

Frank Schoonover
Melvin Goffena
Arlo Skari

Don Fast
Kim Holzer
Brian Kaae

EX-OFFICIOS

Marvin Blodgett, Grain Merchandiser; General Mills
Dr. Jeff Jacobsen, Dean; MSU College of Agriculture and Director; Montana Ag Experiment Station

STAFF

Kim Falcon, Executive Vice President
Cheryl Tuck, Business Manager

GUESTS

Terry Whiteside, Freight Rate Consultant; Whiteside and Associates
Peggy Stringer, Head Statistician; Montana Agricultural Statistics Service
Joel Clairmont, Deputy Director and Administrator; Agricultural Development Division, Montana Department of Agriculture
Leonard Schock, Past Chairman, U.S. Wheat Associates and producer from Vida

An executive session of the Montana Wheat and Barley Committee was convened at 7:30 a.m. on December 4, 2007. Chairman Frank Schoonover called the regular business portion of the meeting to order at 8:15 a.m. Introductions of guests were made and public comment was called for.

1) M/S/C Brian Kaae and Arlo Skari – That the minutes of the last meeting be approved with indicated corrections made to the list of directors in attendance.

Executive Vice President Kim Falcon presented an abbreviated financial statement reflecting the current refund and assessment levels through October 2007. Concern was voiced about the Committee's Short Term Investment Pool holdings and Deputy Director Clairmont was asked to look into the situation and report back later in the meeting.

Event calendars were distributed. Vice Chairman Kaae asked that the National Hard Wheat Show scheduled for Williston, N.D. on February 4-5, 2008 be added to the calendar.

Deputy Director Clairmont invited board members to sit in on some sessions of the upcoming Young Ag Couples Conference. A representative of the Committee will be invited to participate in the sponsors' luncheon on January 10.

2) M/S/C Brian Kaae/Don Fast – That the Committee support efforts to include non-board members' participation in travel for promotional and educational purposes.

The Montana Wheat and Barley Committee will have a booth at the Montana Agricultural and Industrial Exposition show in Great Falls in January.

The suggestion was made to also include non-travel items on the "Upcoming Events" page of the Tentative Agendas.

Deputy Director Clairmont volunteered to take some of the Committee's materials to the Montana Agricultural Trade Exposition show in Billings, to be handed out of the Department of Agriculture's display booth there.

Executive Vice President Falcon will provide directors an "organic fact sheet" detailing what research items funded by the Montana Wheat and Barley Committee benefit organic producers and then that listing will be sent to Director de Yong.

Various reports of meetings attended and trips taken were given, according to the tentative agenda. Executive Vice President Falcon indicated that everyone she visited with on her recent Latin American Millers mission in Peru were concerned about fuel versus food. Chairman Schoonover reported that the main concern voiced on his Simultaneous Buy Sell mission to Japan was barley availability.

Marvin Blodgett told the directors to expect volatility in prices through November in his "View from the Trade" report. He also said to expect congestion at local elevators because most of Montana's production was sold all at the same time this year. Blodgett predicted the markets will not be able to "take care of themselves" in one year and that prices for wheat will be \$6.00-\$7.00 next fall. He mentioned Pasta Montana has written contracts for Alzaeda durum for \$9.50 and General Mills has contracted durum for \$8.00.

Terry Whiteside gave an update on legislation during his Transportation Report and he specifically addressed what he does as part of his contractual agreement with the Montana Wheat and Barley Committee. It was suggested from the floor that it would be good if transportation seminars could be given around the state.

Discussions were held about resolutions recently passed by the Federal Grain Inspection Service and the fact Senator Max Baucus will be sending a letter in support of Jon Stoner as a candidate for the FGIS position to be vacated by Dan Kidd. All agreed the FGIS inspection reports are very important to solidify U.S. quality credibility with foreign buyers.

Deputy Director Clairmont indicated the Committee has \$2.4 million invested in the Short Term Investment Pool account and that it is earning interest at the rate of 5.3 percent. As far as can be determined, only one percent of STIP investments is associated with mortgage activity. Because the Committee is attached administratively to the Department of Agriculture and state government, it is mandatory that investments are held in this STIP account. The Committee decided to continue to monitor the situation.

3) M/S/C Don Fast/Melvin Goffena – That the Montana Wheat and Barley Committee request status and recommendations of the STIP account from the Department of Agriculture and that a timely report to the entire board be given by the Executive Vice President.

Leonard Schock thanked the Committee for conducting such a successful national U.S. Wheat meeting in Kalispell this past summer and showed how he utilized an article written by MW & BC staff in his local co-op newspaper. His main concern was that a Farm Bill is necessary to get Foreign Market Development and Market Access Program funding and it is this funding that helps to pay for U.S. Wheat Associates' overseas staff. Not having a Farm Bill in place could jeopardize these operations.

Dr. Jeff Jacobsen indicated overall MSU enrollments are down slightly and this means base budgets had to be adjusted downward, as well, including some cutting of staff. He spoke of the master campus plan which is proceeding and will be a plan for 25 years out. President Gamble has discussed creating an endowment to insure agriculture will have continued access to and control of important land and funds for program evolution. Chairman Schoonover requested that President Gamble be invited to the upcoming MW & BC meeting in February on campus and the Committee could then voice its support for an endowment and the intent to continue research.

Peggy Stringer, Head State Statistician, distributed 2007 Agriculture Statistics Service bulletins, the current Crop Weather Report, and the 2008 Ag Stats Board Calendars. On January 11, 2008, the winter wheat seedings report will be issued. The Prospective Plantings report will come out in March.

4) M/S/C Don Fast/Arlo Skari -- That the Grain Lab be included on the agenda of the February board meeting; an inventory of what the MW & BC has contributed to the Lab, to date, be drawn up; and a possible exit strategy be developed by the Department of Agriculture. In considering such a strategy, issues of what the possible results of closure of the Lab would be should be addressed, along with any ramifications to producers that could come of such action.

Shippers' Day was changed to February 6, 2008 in Washington, D.C. and this change will be made on office and director calendars.

Cheryl Tuck briefed the directors on the events planned for the 40th Anniversary dinner to honor all past and present directors and ex-officio members of the Wheat and Barley Committee and Executive Vice President Falcon outlined activities associated with the Committee's sponsored portion of the Montana Grain Growers Association convention. Featured speaker Michael Krueger was unable to attend and so Frank Schoonover, Janice Mattson and Terry Whiteside will give their presentations instead.

The meeting was adjourned at 3:10 p.m.

Kim Falcon, Executive Vice President

Date